

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

as representative of,

THE COMMONWEALTH OF PUERTO RICO *et al.*,

Debtors.¹

PROMESA Title III

Case No. 17 BK 3283-LTS

(Jointly Administered)

**RESERVATION OF RIGHTS OF ASSURED GUARANTY CORP. AND ASSURED
GUARANTY MUNICIPAL CORP. WITH RESPECT TO AMBAC ASSURANCE
CORPORATION'S MOTION AND MEMORANDUM OF LAW IN SUPPORT OF ITS
MOTION CONCERNING APPLICATION OF THE AUTOMATIC STAY TO THE
REVENUES SECURING PRIFA RUM TAX BONDS**

Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together, "Assured") hereby submit this reservation of rights (the "Reservation of Rights") to *Ambac Assurance Corporation's Motion and Memorandum of Law in Support of its Motion Concerning*

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's Federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico ("Commonwealth") (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 04780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Application of the Automatic Stay to the Revenues Securing PRIFA Rum Tax Bonds (Dkt. No. 7176) (the “Motion”²) and respectfully state as follows:

RESERVATION OF RIGHTS

1. Through the Motion, Ambac Assurance Corporation (“Ambac”) seeks an order establishing that the automatic stay does not apply to two different lawsuits relating to PRIFA bonds: (1) an already filed action against the U.S. Department of Treasury and Treasury Secretary Steven Mnuchin for a lien on and escrowing of the Pledged Rum Taxes before they are transferred to the Commonwealth (the “U.S. Treasury Action”); and (2) a contemplated action against the Commonwealth to enforce Ambac’s lien and halt the ongoing appropriation of the Pledged Rum Taxes (the “PRIFA Clawback Action”, together with the U.S. Treasury Action, the “Actions”). Alternatively, Ambac seeks relief from the automatic stay to pursue the Actions and also an order requiring the Commonwealth to provide Ambac adequate protection for Ambac’s lien on the Pledged Rum Taxes.

2. Assured is an insurer of approximately \$18 million of bonds secured by the Pledged Rum Taxes, and thus has a direct interest in the outcome of the Motion.

3. While Assured takes no position at this time as to the Motion, Assured nevertheless reserves its right to respond to any of the arguments made in pleadings that are filed in response to the Motion and that are filed concurrently with or subsequent to this Reservation of Rights.

4. Assured also reserves its right to join in either the Motion or any response filed by other parties in interest to the Motion.

² Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

Dated: July 3, 2019
New York, New York

CASELLAS ALCOVER & BURGOS P.S.C.

/s/ Heriberto Burgos Pérez

Heriberto Burgos Pérez
USDC-PR No. 204,809
Ricardo F. Casellas-Sánchez
USDC-PR No. 203,114
Diana Pérez-Seda
USDC-PR No. 232,014
E-mail: hburgos@cabprlaw.com
rcasellas@cabprlaw.com
dperez@cabprlaw.com

P.O. Box 364924
San Juan, PR 00936-4924
Tel.: (787) 756-1400
Fax: (787) 756-1401

*Counsel for Assured Guaranty Corp. and
Assured Guaranty Municipal Corp.*

CADWALADER, WICKERSHAM & TAFT
LLP

/s/ Howard R. Hawkins, Jr.

Howard R. Hawkins, Jr.*
Mark C. Ellenberg*
William Natbony*
Ellen M. Halstead*
Thomas J. Curtin*
Casey J. Servais*
200 Liberty Street
New York, New York 10281
Tel.: (212) 504-6000
Fax: (212) 504-6666
Email: howard.hawkins@cwt.com
mark.ellenberg@cwt.com
bill.natbony@cwt.com
ellen.halstead@cwt.com
thomas.curtin@cwt.com
casey.servais@cwt.com

* admitted pro hac vice
*Counsel for Assured Guaranty Corp. and
Assured Guaranty Municipal Corp.*

CERTIFICATE OF SERVICE

I hereby certify that I filed this document electronically with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to all parties of record in the captioned case.

At New York, New York, 3rd day of July 2019.

By: /s/ Howard R. Hawkins, Jr
Howard R. Hawkins, Jr.*
* Admitted pro hac vice